

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRICE CHANGES

Docket No. CP2022-22

USPS NOTICE OF FILING REVISED GOVERNORS' DECISION 21-6
(December 13, 2021)

The United States Postal Service hereby gives notice of filing a revised version of Governors' Decision 21-6, which is attached to this pleading. The revisions reflect minor adjustments in the calculated percentage changes for Priority Mail and First-Class Package Service, as discussed more fully in the Postal Service's response to Chairman's Information Request No. 4, also filed today. No other changes to Governors' Decision 21-6 have been made.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Nabeel R. Cheema
Chief Counsel, Pricing & Product Support

Elizabeth A. Reed

475 L'Enfant Plaza, SW
Washington, D.C. 20260
(202) 268-3179
Elizabeth.A.Reed@usps.gov
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**DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON CHANGES
IN RATES OF GENERAL APPLICABILITY FOR COMPETITIVE PRODUCTS (GOVERNORS'
DECISION NO. 21-6)**

November 9, 2021

STATEMENT OF EXPLANATION AND JUSTIFICATION

Pursuant to authority under section 3632 of title 39, as amended by the Postal Accountability and Enhancement Act of 2006 ("PAEA"), we establish new prices of general applicability for the Postal Service's shipping services (competitive products), and such changes in classifications as are necessary to define the new prices. The changes are described generally below, with a detailed description of the changes in the attachment. The attachment includes the draft Mail Classification Schedule sections with classification changes in legislative format, and new prices displayed in the price charts.

As shown in the nonpublic annex being filed under seal herewith, the changes we establish should enable each competitive product to cover its attributable costs (39 U.S.C. § 3633(a)(2)) and should result in competitive products as a whole complying with 39 U.S.C. § 3633(a)(3), which, as implemented by 39 C.F.R. § 3035.107(c), requires competitive products collectively to contribute a minimum of 10.0 percent to the Postal Service's institutional costs. Accordingly, no issue of subsidization of competitive products by market dominant products should arise (39 U.S.C. § 3633(a)(1)). We therefore find that the new prices are in accordance with 39 U.S.C. §§ 3632-3633 and 39 C.F.R. § 3035.102.

I. Domestic Products

A. Priority Mail Express

Overall, the Priority Mail Express price change represents a 3.1 percent increase. The existing structure of zoned Retail, Commercial Base, and Commercial Plus price categories is maintained, with Commercial Base and Commercial Plus prices continuing to be set equal to each other. Dimensional weighting, which was introduced for all zones in 2019, will continue in 2022. New for 2022, a \$1.50 fee will be assessed on commercial parcels that are greater than one cubic foot or with a length greater than 22 inches, if the customer did not provide dimensions or provided inaccurate dimensions in the electronic manifest file. Also new for 2022, a new series of nonstandard fees will be assessed on packages that cause the Postal Service to incur manual handling costs when the dimensions of the package exceed sortation requirements.

Retail prices will increase an average of 2.9 percent. The price for the Retail Flat Rate Envelope, a significant portion of all Priority Mail Express volume, will increase to \$26.95, with the Legal Size and Padded Flat Rate Envelopes priced at \$27.10 and \$27.50, respectively.

The Commercial Base price category offers lower prices to customers who use online and other authorized postage payment methods. The Commercial Base prices will increase 4.3 percent on average. Commercial Base prices will, on average, reflect a 13.1 percent discount off of Retail prices.

The Commercial Plus price category has traditionally offered even lower prices to large-volume customers. Commercial Plus prices were matched to the Commercial Base prices in 2016 and will continue to be in 2022. For January, Commercial Plus prices as a whole will receive a 4.3 percent increase on average.

B. Priority Mail

On average, the Priority Mail prices will be increased by 3.1 percent. The existing structure of Priority Mail Retail, Commercial Base, and Commercial Plus price categories is maintained. Dimensional weighting, which was extended to all zones in 2019, will continue in 2022. New for 2022, a \$1.50 fee will be assessed on commercial parcels that are greater than one cubic foot or with a length greater than 22 inches, if the

customer did not provide dimensions or provided inaccurate dimensions in the electronic manifest file. Also new for 2022, a new series of nonstandard fees will be assessed on packages that cause the Postal Service to incur manual handling costs when the dimensions of the package exceed sortation requirements.

Retail prices will increase an average of 4.5 percent. Retail Flat Rate Box prices will be: Small, \$9.45; Medium, \$16.10; Large, \$21.50 and Large APO/FPO/DPO, \$20.00. Thus, the Large APO/FPO/DPO Flat Rate Box will be \$1.50 less than the Large Flat Rate Box. The regular Flat Rate Envelope will be priced at \$8.95, with the Legal Size and Padded Flat Rate Envelopes priced at \$9.25 and \$9.65, respectively.

The Commercial Base price category offers lower prices to customers using authorized postage payment methods. The Commercial Base prices will increase 2.7 percent on average. Commercial Base prices will, on average, reflect a 17.9 percent discount off of Retail prices.

Commercial Plus offers the same weight-rated and flat-rates prices as Commercial Base, but offers the additional rate categories of Cubic and Priority Mail Open & Distribute (PMOD) to customers who meet a higher volume commitment. For January, Commercial Plus prices as a whole will receive a 0.4 percent increase and will average 18.6 percent off Retail prices. While the prices for Commercial Plus are the same as Commercial Base, the percent change is different because of profile mail mix differences for the two categories.

C. Parcel Select

On average, Parcel Select prices as a whole will increase 5.5 percent. Prices for destination-entered non-Lightweight Parcel Select, the Postal Service's bulk ground shipping product, will decrease 11.1 percent on average. For destination delivery unit (DDU) entered parcels, the average price increase is 6.1 percent. For destination sectional center facility (DSCF) destination entered parcels, the average price decrease is 10.4 percent. New prices for machinable DSCF destination entered parcels that are unsorted are being introduced in 2022. For destination network distribution center (DNDC) parcels, the average price decrease is 23.1 percent. Prices for Parcel Select Lightweight will increase by 7.4 percent on average. Parcel Select Ground will see a 12.1 percent price decrease on average. Dimensional weighting, which was introduced

for all zones in 2019, will continue in 2022. New for 2022, a \$1.50 fee will be assessed on commercial parcels that are greater than one cubic foot or with a length greater than 22 inches, if the customer did not provide dimensions or provided inaccurate dimensions in the electronic manifest file. Also new for 2022, a new series of nonstandard fees will be assessed on packages that cause the Postal Service to incur manual handling costs when the dimensions of the package exceed sortation requirements.

Finally, the Postal Service will introduce USPS Connect Local, a new offering under Parcel Select designed to give neighborhood businesses enhanced access to the postal network at the local level to deliver products same-day or next-day if served by their local delivery unit. Sunday delivery will be available for an additional fee, and customers must have a valid customer agreement with the Postal Service on file to participate.

D. Parcel Return Service

Parcel Return Service prices will have an overall price increase of 4.9 percent on average. Prices for parcels retrieved at a return sectional center facility (RSCF) will increase by 4.9 percent, and prices for parcels picked up at a return delivery unit (RDU) will increase 4.9 percent.

E. First-Class Package Service

First-Class Package Service (FCPS) continues to be positioned as a lightweight (less than one pound) offering primarily used by businesses for fulfillment purposes. In 2017, First-Class Mail Parcels were transferred to the competitive product list and renamed First-Class Package Service – Retail (FCPS-Retail), and in 2019, the FCPS-Retail and FCPS-Commercial price categories were given zone-based pricing. Overall, FCPS prices will increase 8.8 percent on average, with a 9.0 percent increase for FCPS-Retail and a 8.8 percent increase for FCPS-Commercial. New for 2022, a new series of nonstandard fees will be assessed on retail packages that cause the Postal Service to incur manual handling costs when the dimensions of the package exceed sortation requirements.

F. USPS Retail Ground

USPS Retail Ground prices will decrease 7.4 percent overall on average, but the product is expected to continue to cover its costs in 2022. The price decrease is designed to

address overpricing in certain zones and win more volume in 2022. New for 2022, prices for Zones 1-4 will be differentiated from Priority Mail, and customers shipping in those zones will no longer default to Priority Mail service. Also new for 2022, a new series of nonstandard fees will be assessed on packages that cause the Postal Service to incur manual handling costs when the dimensions of the package exceed sortation requirements.

G. Domestic Extra Services

Premium Forwarding Service (PFS) prices will increase 5.1 percent on average in 2022. The retail counter enrollment fee will increase to \$23.90. The online enrollment option, introduced in 2014, will now be available for \$21.95. The weekly reshipment fee will increase to \$23.90. PFS Local, which was introduced in 2019 for P.O. Box customers, will have an increase in the reshipment fee to \$23.90. Prices for Adult Signature service will increase to \$8.50 for the basic service and \$8.75 for the person-specific service. Address Enhancement Service price increases will vary depending on the particular rate element, to ensure adequate cost coverage. The RDI API rates within Address Enhancement Services will be removed because the interface application is obsolete. Competitive Post Office Box prices will be increasing 18.2 percent on average, within the existing price ranges. Package Intercept Service will increase 4.6 percent, to \$15.95. The Pickup On Demand fee will remain at \$25.00 for 2022. Premium Data Retention and Retrieval Service, which was introduced in 2020, will have a 51.5 percent price decrease in 2022, and the list of products eligible for the service will expand.

II. International Products

A. Expedited Services

International expedited services include Global Express Guaranteed (GXG) and Priority Mail Express International (PMEI). Overall, GXG prices will rise by 2.3 percent, and PMEI will be subject to an overall 3.2 percent increase. Commercial Plus prices will be equivalent to Commercial Base; however, deeper discounting may still be made available to customers through negotiated service agreements.

B. Priority Mail International

The overall increase for Priority Mail International (PMI) will be 3.7 percent. Commercial Plus prices will be equivalent to Commercial Base; however, deeper discounting may still be made available to customers through negotiated service agreements.

C. International Priority Airmail and International Surface Air Lift

Published prices for International Priority Airmail (IPA) and International Surface Air Lift (ISAL) will increase by 4.9 percent and 8.2 percent, respectively. Within ISAL and IPA, ISAL M-Bag published prices will increase by 2.9 percent while IPA M-Bags published prices will remain unchanged.

D. Airmail M-Bags

The published prices for Airmail M-Bags will increase by 5.0 percent.

E. First-Class Package International Service™

The overall increase for First-Class Package International Service (FCPIS) prices will be 4.2 percent. Commercial Plus prices will be equivalent to Commercial Base; however, deeper discounting will still be made available to customers through negotiated service agreements.

F. International Ancillary Services and Special Services

Prices for several international ancillary services will be increased, with an overall increase of 5.0 percent. However, some services will be increased above average to ensure cost coverage, including International Postal Money Orders and Money Transfer Service, which will increase by 15.8 percent.

ORDER

The changes in prices and classes set forth herein shall be effective at 12:01 A.M. on January 9, 2022. We direct the Secretary to have this decision published in the *Federal Register* in accordance with 39 U.S.C. § 3632(b)(2), and direct management to file with the Postal Regulatory Commission appropriate notice of these changes.

By The Governors:

A handwritten signature in black ink, appearing to read 'Ron A. Bloom', written over a horizontal line.

Ron A. Bloom
Chairman, Board of Governors